

Registered number: 01332670  
Charity number: 274605

## **FARMLAND RESERVE UK LIMITED**

### **TRUSTEES' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2021**

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**FARMLAND RESERVE UK LIMITED**

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**FARMLAND RESERVE UK LIMITED**

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**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Trustees** D M Sleight, Trustee (resigned 31 January 2021)  
B M Conway, Trustee  
P A Tolman, Trustee  
D L Rose (appointed 31 January 2021)

**Company Registered  
Number** 01332670

**Charity Registered  
Number** 274605

**Registered Office** Manor Farm  
Church End  
Wood Walton  
Huntingdon  
Cambridgeshire  
PE28 5YU

**Company Secretary** B J Garlick

**Independent Auditors** MHA MacIntyre Hudson  
Chartered Accountants  
1 The Forum  
Minerva Business Park  
Lynch Wood  
Peterborough  
PE2 6FT

**Bankers** NatWest  
92 High Street  
Huntingdon  
PE29 3DT

**Solicitors** Devonshires  
30 Finsbury Circus  
London  
EC2M 7DT

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## FARMLAND RESERVE UK LIMITED

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### TRUSTEES' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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The Trustees, who are also directors for the purposes of the Companies Act of the company (The Charity - Farmland Reserve UK Limited), present their annual report together with the audited financial statements of The Charity and its subsidiary (The Charity and The Group) for the year ended 31 December 2021. The Trustees confirm that the financial statements of The Charity and The Group comply with the current provisions of FRS 102 and the Charities SORP.

#### **Objectives and Activities**

##### **• Objectives and principal activities**

The object of The Charity is:

To promote and further the religious and other charitable work of The Church Jesus Christ of Latter-day Saints in the United Kingdom and elsewhere and to assist members and other persons who are in conditions of need, hardship, sickness and distress, to all ages and denominations.

The Charity will support charitable organisations, trusts, associations or institutions formed for any of the charitable purposes included in the Objects, through the provision of sponsorship, grants or other financial or in-kind contributions.

The Charity holds tangible investments in farming and their associated assets to generate funds for its objectives as previously stated. Details of their performance can be found in the "Financial Review" section and "Subsidiary Undertakings" subsection under the "Structure, Governance and Management" section.

The Trustees regularly interact with representatives of The Church of Jesus Christ of Latter-day Saints, Utah Corporation Sole ("Church Corporation") (formerly known as The Corporation of the Presiding Bishopric of The Church of Jesus Christ of Latter-day Saints "CPB") to discuss making significant donations to support Church Corporation's international building projects for religious purpose buildings and other projects which both Church Corporation and the Church had approved around the world. It was decided that this would be a better match (and easier to monitor) to the Charity's objectives rather than making individual donations to various charitable organisations within the UK and elsewhere.

The Trustees investigated the way in which these projects were identified and approved by internal Church committees, the type of projects and their religious and charitable purposes. Further, they were happy with the infrastructure and controls that Church Corporation had in place to ensure proper implementation of these projects.

##### **• Achievements and Performance**

During 2021 the Trustees finalised plans to make another donation to Church Corporation. On 20th December 2021, a donation of £2,000,000 (\$2,644,000) was transferred from The Charity, to sister charity, Church Corporation.

Church Corporation identified a number of specific projects for implementation internationally in pursuit of its purposes to the success of which The Charity has now had the opportunity to contribute £2,000,000 to these causes.



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**FARMLAND RESERVE UK LIMITED**

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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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The following projects were identified by Church Corporation to utilise the donation.

Humanitarian Projects

Country	Partner Organisation	Brief Description	Projected Costs (USD)
Slovakia	ADRA	6,000 Individuals from hard-to-reach areas will receive the COVID vaccine. Others will be trained; disadvantaged women will be provided with psychosocial activities	\$100,000
Serbia, Albania, Bulgaria	ADRA	Vaccination to 4,600 Roma, homeless and socially vulnerable groups in 3 countries	\$100,000
Cape Verde	Red Cross	Provide wheelchairs for the needy in Cabo Verde in co-operation with the Red Cross	\$150,000
Kosovo	HandiKos	Provide wheelchairs for the needy in Kosovo in cooperation with the HandiKos	\$70,000
Albania	ADRF	Provide wheelchairs for the needy in Albania in cooperation with the ADRF	\$150,000
Romania	Motivation Romania	Provide wheelchairs for the needy in Romania in cooperation with the Motivation Romania	\$70,000
Bosnia	Rehab Hospital in Banja Luka	Provide wheelchairs for the needy in Bosnia in cooperation with the Rehab Hospital in Banja Luka	\$70,000
Cape Verde	AFOSOL	Clean drinking water for neighbourhood residence	\$400,000
Germany	Red Cross	Support for Afghan Evacuees at Rhine Ordinance Barracks	\$300,000
Albania	Red Cross	Mobility support for Albania (Wheelchairs, walkers, crutches, canes and prosthetics)	\$178,657
Bosnia	Muslim Aid	Long term partnership with Muslim Aid to assist poor rural families in Bosnia and Herzegovina establish productive and sustainable greenhouses	\$152,822
			<b>\$1,381,479</b>

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## FARMLAND RESERVE UK LIMITED

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Renovation Projects

Facility	Project Detail	Projected Costs (GBP)
<b>London Temple</b>	Major Renovation works to London England LDS Temple	£563,988
<b>Preston Temple</b>	Major Renovation works to Preston England LDS Temple	£547,427
		<b>£1,111,415</b>

A Donation for 2022 is currently under review, £1.0M has been set aside to support several projects

#### • Public Benefit

The Trustees have read and given due regard to the guidance on public benefit published by The Charity Commission in exercising their powers and duties.

#### Financial Review

##### • Financial results

Each year, The Trustees carry out a detailed review of The Charity. They review the previous year's achievements, and review and approve the budgets for next year.

The end of the year saw a reduction in profitability during 2021, the variation in the net position is caused by a larger Charitable Donation made in 2021. Incoming resources saw an improvement during the year increasing from £6,194k in 2020 to £7,446k in 2021. Income from its trading subsidiary increased to £7,233k (2020: £6,014k) and investment income decreased to £2k (2020: £37k).

Costs, excluding tax, increased during the year from £4,873k in 2020 to £7,210k in 2021. A donation to "Church Corporation" was made during 2021 totalling £2M. This donation was a larger than expected due to no donation being made during 2020.

Incoming resources fell short of resources expended for the year by (£197k). This is in contrast to 2020 where we made a profit of £1,184k.

Results of The Group were impacted by both improved crop sales by a return to normalised yields and an improvement in market prices. During the 2019 autumn planting window, heavy rains fell consistently from October through December, followed by the wettest February on record. As a result, 50% of winter plantings were delayed until the spring of 2020. These late plantings were further impacted by drought like conditions during May and June. The combination of these adverse weather conditions led to a significant loss in yield across all crops. This reduced the volume of crop sales (revenue) during 2020, 2021 returned to normal levels.

Market prices for Cereals increased significantly during 2021 due to a number of global factors; a continuation of severe disruptions in the agricultural supply chain caused by the Covid-19 pandemic and Brexit, weather stories including drought in Brazil and rising tensions between Russia and the Ukraine threatening the supply of energy, fertiliser and the export of wheat to the world market.

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## FARMLAND RESERVE UK LIMITED

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### • Investment policy and performance

Under the Articles of Association, The Charity has the power to invest in any way the Trustees deem to be in the best interests of The Charity.

*The Charity's objective is to maintain high liquidity while ensuring maximum security and achieving the highest possible return. This will help facilitate future farm acquisition as listed in the future plans section of this Trustee Report;*

"The Trustees are mindful that the small and somewhat scattered nature of some of the parcels of land do lead to some labour and equipment inefficiencies. The Trustees believe that this weakness in the operations of the farms can be overcome by consolidating land holdings around one major farm centre in Cambridgeshire. This process of consolidation began in 2008 and has continued through to 2021."

The current high liquidity position held by The Charity is a result of selling off some of these scattered land parcels over the last 13 years.

However, due to the low volume of Land sales in the designated geographical area for re-deployment, as such it has taken some time to make these Land Acquisitions and this trend is expected to continue. When complete this will enable the running of a more efficient operation that will generate sustainable funds for future Charitable work.

To achieve this objective, The Charity by the year end had invested £22.1 million (2020: £24.1 million) of excess funds in an Instant Access Interest Bearing account with high security rating and achieved an average interest rate of 0.01% (2020: 0.01% gross) during 2021.

Investment income is recognised on a receivable basis.

#### • Reserves policy

The Trustees have established the level of reserves (that is those funds that are freely available) to which The Charity and its subsidiary companies ought to have ready access. Reserves are needed to bridge any funding gap between spending and receiving resources through shareholder grants and leasing of farmland.

The Trustees' policy is to hold, as a minimum, the equivalent of approximately 12 months of charitable expenditure in reserves.

The actual reserves reported at 31 December 2021 were £104,262k (2020: £104,459k) which is significantly above the Trustees' target due to retaining a portion for possible future agricultural acquisitions as part of its ongoing consolidation efforts.

It should be noted that of the £104,262k only £25,312k is freely available due to the rest of the reserves figure being held in farming related assets to generate investment income to make current and future donations. The current level of cash reserves held exceeds the 12 months expenditure policy stated, this is due to awaiting to reinvest cash generated from farm sales for redeployment on land assets within the designated area for consolidation, as described in the investment policy section.

In addition, the Trustees wish to observe that during 2022 plans have been made to make a significant charitable donation to causes that meet The Charity's objectives.

It is the Trustees' view that it is prudent to ensure that there are sufficient reserves to provide financial flexibility.

The reserves policy is reviewed on an annual basis.

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## FARMLAND RESERVE UK LIMITED

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### **Structure, governance and management**

##### **• Governing document**

The Charity continues to be both a limited company and a registered charity. In conjunction with this, The Charity is governed by its Memorandum and Articles of Association which were last amended on 22 November 2011.

The purpose of The Charity as set out in the government document is laid out in the Objectives and Activities section of this report, with the main activities undertaken in relation to those purposes.

##### **• Appointment of Trustees**

As set out in the Articles of Association, new or additional trustees are to be appointed by the shareholder (Farmland Reserve, Inc.) or by decision of the Trustees, providing such persons are willing so to act either to fill a vacancy or as an additional trustee.

##### **• Trustee induction and training**

New trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision-making processes, the business plan and recent financial performance of The Charity.

During the orientation day they meet key employees and other trustees. Trustees are updated and advised on legal issues by Devonshires Claims.

##### **• Organisation**

The sole shareholder of The Charity is Farmland Reserve, Inc. a non-profit corporation based in Utah, USA.

Direction is channelled to The Charity via the shareholder and is reflected in the various department budgets/plans which are reviewed and approved by the Trustees annually.

Within this framework, the board of trustees administers the affairs of The Charity. The Trustees monitor progress and achievements throughout the year, and other trustee meetings are held as necessary. The trustees direct the Charity and the operation of the Charity on a day to day basis is delegated to the Senior Management Team. The pay of the Senior Management Team is reviewed annually by Trustees and is benchmarked against the pay of others in similar charitable roles.

##### **• Related parties**

The Charity holds 100% of the share capital of its subsidiary companies, AgReserves Limited.

##### **• Subsidiary undertakings**

AgReserves Limited's principal activity continued to be that of arable farming and it operates a policy of generating the highest profits feasible from efficient farming techniques that utilise the latest technology.

AgReserves Limited leases all of the farmland owned by Farmland Reserve UK Limited and then farms that land. The Trustees are mindful that the small and somewhat scattered nature of some of the parcels of land do lead to some labour and equipment inefficiencies. The Trustees believe that this weakness in the operations of the farms can be overcome by consolidating land holdings around one major farm centre in Cambridgeshire.

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## FARMLAND RESERVE UK LIMITED

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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This process of consolidation began in 2008 and has continued through to 2021.

The profit for the year of the subsidiary AgReserves Limited included in the statement of financial activities was a profit of £1,157k (2020: £592k).

#### • Risk management

The Trustees have assessed the major risks to which The Charity and the group are exposed, in particular those related to the operations and finances of The Charity and the group, and are satisfied that systems and procedures are in place to mitigate our exposure to the major risks. The risk management strategy of the Trustees includes an annual review of the principal risks, The Trustees regularly review the procedures in place to mitigate risk.

#### • Employees

The Charity ensures that its employees are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways:

- Applications for new positions in The Charity are invited from anyone with the relevant qualifications - the key emphasis is on their ability to meet the requirements of the position although the application form requests the applicant mention if they have any illness or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful.

- The Charity utilises regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition, there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of The Charity and The Group.

- In addition to the above points, The Charity is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long-term disability benefits from The Charity. Where an employee becomes disabled but not incapacitated the employer will make any reasonable adjustments necessary. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on the technical ability of each employee.

#### • Key Management Personnel

The Charity does not have any employees, all employees of The Group are employed by the subsidiary of The Charity, AgReserves Ltd. During 2021, no Trustees of The Charity received any remuneration, benefits in kind or reimbursement of expenses from The Charity, nor incurred any expenses.

Of the three Trustees only one is a member of the Key Management Personnel of The Group and is employed by the subsidiary, AgReserves Ltd.

Key Management are paid within the banded salary structure of the subsidiary. Regular benchmarking and independent market reviews are conducted to ensure that pay remains reflective of fair market value and competitive enough to encourage retention of key staff. Benchmarking exercises occur on an annual basis, with an independent market review occurring every 5 to 10 years. During this process, a review is conducted not just for Key Management but all working staff of The Subsidiary.

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## **FARMLAND RESERVE UK LIMITED**

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### **TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **Reference and administrative details**

##### **• Registered name and number**

The registered name of The Charity is Farmland Reserve UK Limited. The Charity does not use any other names.

The charity registration number is 274605. The Charity is registered with the Charity Commission in England and Wales. The company registration number is 01332670.

##### **• Office**

The principal and registered office address is Manor Farm, Church End, Wood Walton, Huntingdon, Cambridgeshire, PE28 5YU.

##### **• Directors and trustees**

The trustees who served during the year and subsequent to the year end and up to the date of signing the report were as follows:

D L Rose  
B M Conway  
P A Tolman

None of the trustees have qualifying third party indemnity insurance.

#### **Funds held as custodian trustee on behalf of others**

The Charity does not hold funds as custodian trustee on behalf of others.

#### **Strategic Report**

##### **Principal risks and uncertainties**

##### **Financial risk and management**

The main risk The Charity faces is that it relies on income from the leasing of all the farmland it owns to its subsidiary undertaking. The Charity has sufficient reserves to meet the needs of its charitable activities for the foreseeable future and has assurances of continuing support from the parent company.

Other forms of risks and the management of these risks are:

##### **Price risk**

Salary costs are communicated to staff of The Group during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.

As part of the nature of agriculture the company is subject to price variations, but active efforts are made to manage this risk by taking advantage of regular market information, forward contracts, and owning sufficient storage. These storage facilities allow the company to price and deliver products away from the harvest window which is well known to be a period of depressed prices.

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## FARMLAND RESERVE UK LIMITED

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### TRUSTEES' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

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#### Credit risk

Credit risk on amounts owed to The Charity by its customers is low as the main debtor is AgReserves Limited which is a wholly owned subsidiary. Credit risks on amounts owed to the group are actively monitored.

The Group continues to make every effort to minimise exposure to customer credit risks and all appropriate steps are taken to reduce this risk.

#### Liquidity risk

The Charity has no long-term borrowings. Assurances of continuing financial support have been received from the parent company.

#### Interest rate cash flow risk

The Charity is able to place surplus funds on short term deposit with the Charity's bankers. With the present banking interest rates being so low there is a risk that the Charity does not make the best use of surplus cash and therefore every effort is being made to review all options that would bring the highest rates possible.

#### Currency rate risk

As a result of Brexit, the 2021 BPS Subsidy received from the Rural Payments Agency was paid to the subsidiary in Pounds Sterling. It is therefore highly unlikely that there will be a need to enter into any future forward dealing facilities, this almost entirely eliminates any currency rate risk.

#### Key performance indicators (KPI)

To measure the effectiveness of The Charity's strategy and its implementation The Trustees have identified the following KPI's:

	2021	2020	2019	2018	2017
Profitability of Farming Operations	£2.4M	£1.7M	£2.0M	£2.0M	£1.8M
Resources expended on charitable activities	£2.6M	£0.5M	£1.5M	£0.8M	£0.5M
Unrestricted Funds	£104.3M	£104.5M	£103.3M	£102.8M	£101.5M
Unrestricted Funds readily available	£25.3M	£26.6M	£28.0M	£28.7M	£29.1M

#### Plans for future periods

The goals for 2022 include plans to:

1. Continue to enhance the profitability and efficiency of the farms through well-reasoned acquisitions to achieve, over time, a concentration of land holdings around one major farm. Any future acquisitions will be funded from retained reserves.

Along with well-reasoned acquisitions, a regular operational review of currently held farms occurs. New technology and science are continually reviewed and vetted to see if it warrants integration with daily operations.

2. To carefully monitor the balance of unrestricted funds while striving to achieve the concentration efforts identified in goal one, so that funds can be put to the use of The Charity's objectives as swiftly as possible.
3. Identify other charitable organisations, trusts, associations or institutions formed for any of the charitable purposes included in the Objects, to support through the provision of sponsorship, grants or other financial or in-kind contributions.

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**FARMLAND RESERVE UK LIMITED**

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**TRUSTEES' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Trustees' responsibilities statement**

The trustees (who are also directors of Farmland Reserve UK Limited for the purposes of company law) are responsible for preparing the report of the trustees (incorporating the strategic report) and the financial statements in accordance with applicable law and regulations.

Company law requires the trustees to prepare financial statements for each financial year. Under that law, the trustees have elected to prepare financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law the trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP (FRS 102);
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

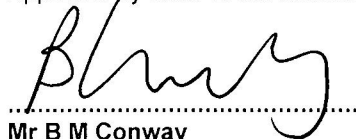
The Trustees confirm that:

- So far as each Trustee is aware, there is no relevant audit information of which the charitable company's auditor is unaware, and
- The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the charitable company's auditor is aware of that information.

**Auditors**

The Auditor, MHA MacIntyre Hudson, has indicated its willingness to continue in office. The Designated Trustees will propose a motion re-appointing the Auditor at a meeting of the Trustees.

Approved by order of the members of the Board of Trustees and signed on their behalf by:



.....  
**Mr B M Conway**  
Trustee

Date: 28/9/22



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**FARMLAND RESERVE UK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARMLAND RESERVE UK LIMITED**

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**Opinion**

We have audited the Financial Statements of Farmland Reserve UK Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charity Balance Sheet, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the Financial Statements:

- give a true and fair view of the state of the Group's and of the parent charitable company's affairs as at 31 December 2021 and of the Group's incoming resources and application of resources, including its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the Financial Statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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**FARMLAND RESERVE UK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARMLAND RESERVE UK LIMITED  
(CONTINUED)**

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**Other information**

The other information comprises the information included in the Annual Report other than the Financial Statements and our Auditors' Report thereon. The Trustees are responsible for the other information contained within the Annual Report. Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the Financial Statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.
- the Directors' Report included within the Trustees' Report has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' Report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company Financial Statements are not in agreement with the accounting records and returns; or
- certain disclosures of Trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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**FARMLAND RESERVE UK LIMITED**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARMLAND RESERVE UK LIMITED  
(CONTINUED)**

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**Responsibilities of trustees**

As explained more fully in the Trustees' Responsibilities Statement set out on pages 10, the Trustees (who are also the Directors of the charitable company for the purposes of company law) are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Trustees are responsible for assessing the Group's and the parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the parent charitable company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The specific procedures for this engagement and the extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness and reviewing accounting estimates for bias;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the Financial Statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the Financial Statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

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**FARMLAND RESERVE UK LIMITED**

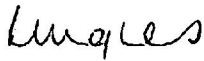
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FARMLAND RESERVE UK LIMITED  
(CONTINUED)**

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**Use of our report**

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



**Rebecca Hughes BSc(Hons) FCCA (Senior Statutory Auditor)**

for and on behalf of  
**MHA MacIntyre Hudson**

Chartered Accountants  
Statutory Auditors

Northampton

Date: 29 September 2022

**FARMLAND RESERVE UK LIMITED**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT)  
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
<b>Income from:</b>				
Other trading activities: Income from trading subsidiaries	3	7,233	7,233	6,014
Investments	4	2	2	37
Other income	5	211	211	143
<b>Total income</b>		<b>7,446</b>	<b>7,446</b>	<b>6,194</b>
<b>Expenditure on:</b>				
Raising funds:	6			
Trading activities		4,632	4,632	4,308
Other		559	559	547
Charitable donation		2,007	2,007	-
Raising funds		12	12	18
<b>Total expenditure</b>		<b>7,210</b>	<b>7,210</b>	<b>4,873</b>
<b>Net income before taxation</b>		<b>236</b>	<b>236</b>	<b>1,321</b>
Taxation	11	(433)	(434)	(137)
<b>Net movement in funds</b>		<b>(197)</b>	<b>(197)</b>	<b>1,184</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward		104,459	104,459	103,275
Net movement in funds		(197)	(197)	1,184
<b>Total funds carried forward</b>		<b>104,262</b>	<b>104,262</b>	<b>104,459</b>

The Consolidated Statement of Financial Activities includes all gains and losses recognised in the year.

The notes on pages 21 to 47 form part of these financial statements.

**FARMLAND RESERVE UK LIMITED**  
**REGISTERED NUMBER: 01332670**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Intangible assets	12	-	26
Tangible assets	13	70,256	70,523
		<u>70,256</u>	<u>70,549</u>
<b>Current assets</b>			
Stocks	16	7,265	6,637
Debtors	17	3,192	1,963
Cash at bank and in hand	24	25,312	26,618
		<u>35,769</u>	<u>35,218</u>
Creditors: amounts falling due within one year	18	(1,159)	(814)
<b>Net current assets</b>		<u>34,610</u>	<u>34,404</u>
<b>Total assets less current liabilities</b>		<u>104,866</u>	<u>104,953</u>
Provisions for liabilities	19	(604)	(494)
<b>Total net assets</b>		<u>104,262</u>	<u>104,459</u>
<b>Charity funds</b>			
Unrestricted funds:			
Share capital	20	10,000	10,000
Unrestricted funds	20	94,262	94,459
<b>Total unrestricted funds</b>	20	<u>104,262</u>	<u>104,459</u>
<b>Total funds</b>		<u>104,262</u>	<u>104,459</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of Financial Statements.

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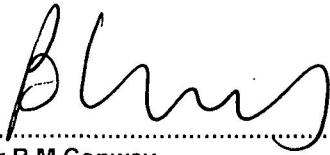
FARMLAND RESERVE UK LIMITED  
REGISTERED NUMBER: 01332670

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CONSOLIDATED BALANCE SHEET (CONTINUED)  
AS AT 31 DECEMBER 2021

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The Financial Statements were approved and authorised for issue by the Trustees and signed on their behalf by:



Mr B M Conway  
Trustee

Date: 28/9/22

The notes on pages 21 to 47 form part of these Financial Statements.

**FARMLAND RESERVE UK LIMITED**  
**REGISTERED NUMBER: 01332670**

**CHARITY BALANCE SHEET**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £000	2020 £000
<b>Fixed assets</b>			
Tangible assets	13	623	688
Investments	15	9,450	9,450
Investment property	14	133,746	130,944
		<u>143,819</u>	<u>141,082</u>
<b>Current assets</b>			
Debtors	17	5,125	4,436
Cash at bank and in hand		8,342	10,447
		<u>13,467</u>	<u>14,883</u>
Creditors: amounts falling due within one year	18	(434)	(372)
<b>Net current assets</b>		<u>13,033</u>	<u>14,511</u>
<b>Total assets less current liabilities</b>		<u>156,852</u>	<u>155,593</u>
<b>Total net assets</b>		<u>156,852</u>	<u>155,593</u>
<b>Charity funds</b>			
Unrestricted funds			
Share capital	20	10,000	10,000
Unrestricted income funds	20	80,412	81,766
Revaluation reserves	20	66,440	63,827
Total unrestricted funds	20	<u>156,852</u>	<u>155,593</u>
<b>Total funds</b>		<u>156,852</u>	<u>155,593</u>

The Trustees acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and preparation of financial statements.



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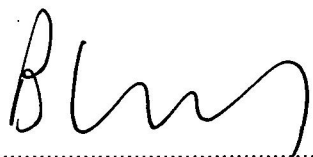
FARMLAND RESERVE UK LIMITED  
REGISTERED NUMBER: 01332670

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CHARITY BALANCE SHEET (CONTINUED)  
AS AT 31 DECEMBER 2021

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The financial statements were approved and authorised for issue by the Trustees and signed on their behalf by:



.....  
**Mr B M Conway**  
Trustee

Date: 28/9/22

The notes on pages 21 to 47 form part of these financial statements.

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**FARMLAND RESERVE UK LIMITED**

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**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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	Note	2021 £000	2020 £000
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	23	(692)	2,282
<b>Cash flows from investing activities</b>			
Proceeds from the sale of tangible fixed assets		300	265
Purchase of intangible assets		-	(10)
Purchase of tangible fixed assets	13	(916)	(4,027)
Interest received	4	2	37
<b>Net cash used in investing activities</b>		<b>(614)</b>	<b>(3,735)</b>
<b>Change in cash and cash equivalents in the year</b>		<b>(1,306)</b>	<b>(1,453)</b>
Cash and cash equivalents at the beginning of the year		26,618	28,071
<b>Cash and cash equivalents at the end of the year</b>	24	<b>25,312</b>	<b>26,618</b>

The notes on pages 21 to 47 form part of these financial statements

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## **FARMLAND RESERVE UK LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **1. Company information**

Farmland Reserve UK Limited is a charitable company limited by shares, incorporated in England and Wales in the United Kingdom, and the address of its registered office is Manor Farm, Church End, Wood Walton, Huntingdon, Cambridgeshire, PE28 5YU.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of Financial Statements**

Farmland Reserve UK Limited is an incorporated Charity registered with the Charity Commission for England and Wales registration number 274605. The Company is registered in the UK, registration number 01332670.

The Financial Statements have been prepared in accordance with the Charities SORP (FRS 102) - Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

Farmland Reserve UK Limited meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy.

The Consolidated Statement of Financial Activities (SOFA) and Consolidated Balance Sheet consolidate the Financial Statements of the Company and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

The Charity has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Financial Activities in these Financial Statements.

The Charity's functional and presentational currency is British Pound Sterling (£) and is rounded to the nearest £1,000.

The following principal accounting policies have been applied.

##### **2.2 Going concern**

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements.

The budgeted income and expenditure is sufficient with the level of reserves for the Group to be able to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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**2. Accounting policies (continued)**

**2.3 Income**

All income is recognised once the Charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

Rental income is recognised on a straight line basis over the period of the lease.

Income from subsidiaries represents revenue recognised in respect of goods and services. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Charity and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Revenue from crop sales is recognised upon receipt of the goods by the customers. Whilst goods are in transit, the risk and reward of ownership remain with the Charity.

Single farm payments are receivable on an annual basis. The annual payment is recognised in the year that the application applies to. Due to the regular variation in when the payment occurs, this is recognised either by accrual or upon receipt of payment.

**2.4 Expenditure**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

Costs of raising funds: trading activities comprise the expenses of the trading subsidiary in undertaking its income generating activities.

Other expenditure represents the expenses of parent company in renting the tangible fixed assets. These expenses are not considered to be directly attributable to either costs of raising funds or charitable expenditure to further the Charity's aims.

Where costs cannot be reliably attributed to particular activities they have been allocated on a basis consistent with the use of the resources. Direct charitable expenditure comprises expenditure directly relating to the objects of the Charity.

Governance costs incorporate those costs of governance arrangements which relate to the general running of the Charity as opposed to the direct management functions. The costs relating to these activities provide the governance infrastructure which allows the Charity to operate and to generate the information required for public accountability. An analysis of these costs is disclosed in note 7.

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include finance, professional and governance costs which support the Charity's activities. As there is only one activity in the Charity, the support costs have been allocated there in full.

Expenditure on charitable activities is incurred on directly undertaking the activities which further the Group's objectives, as well as any associated support costs.

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.5 Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Group; this is normally upon notification of the interest paid or payable by the institution with whom the funds are deposited.

**2.6 Taxation**

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Tax is payable on profits in the subsidiary company.

**2.7 Intangible assets and amortisation**

Intangible fixed assets represent purchased entitlements to receive the single farm payment subsidy. These are held at cost and amortised over their expected useful life.

The amortisation charge is included within expenditure on raising funds: trading activities line in the SOFA.

Amortisation is provided on intangible fixed assets at rates calculated to write off the cost of each asset, less their estimated residual value, over their expected useful lives on the following bases:

Single farm payment entitlements -	% Straight line over the remaining review period to 2021
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**2.8 Tangible fixed assets and depreciation**

Tangible fixed assets costing £10,000 or more are capitalised and recognised when future economic benefits are probable and the cost or value of the asset can be measured reliably.

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## FARMLAND RESERVE UK LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 2. Accounting policies (continued)

##### 2.8 Tangible fixed assets and depreciation (continued)

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Tangible fixed assets are initially recognised at cost. After recognition, under the cost model, tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. All costs incurred to bring a tangible fixed asset into its intended working condition should be included in the measurement of cost.

Depreciation is charged so as to allocate the cost of tangible fixed assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following bases:

Freehold land	- not depreciated
Land improvements	- over 10 to 40 years
Assets under construction	- not depreciated until bought into use
Plant and machinery	- over 5 to 10 years
Equipment fixtures and fittings	- over 5 to 10 years
Farm houses and farm buildings	- over 25 to 40 years

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Financial Activities.

##### 2.9 Investment Property

The freehold land, farm houses and farm buildings owned by The Charity are recognised as investment properties in The Charity's own Balance Sheet, and revalued to fair value at each balance sheet date. The valuation is based on management's assessment of the market value of land and buildings held as investment property at the year end. It takes into consideration market reports and their knowledge of the property and the local market. The property is carried at depreciated cost in the Group accounts.

Investment property held by the Charity is measured initially at cost and subsequently at fair value at each reporting date, with the gain or loss on revaluation going to the charitable company's net surplus for the year. The land and buildings rented to Group companies are held as investment property within the Financial Statements of the Charity but remain as tangible fixed assets in the Group consolidated Financial Statements at depreciated cost.

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.10 Investments**

Fixed asset investments in listed securities are held at fair value and revalued annually with any gains or loss going to the Consolidated Statement of Financial Activities. Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the balance sheet date, unless the value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and presented as 'Gains/(Losses) on investments' in the Consolidated Statement of Financial Activities.

Investments in subsidiaries are valued at cost less provision for impairment.

**2.11 Stocks**

Agriculture produce is held under cost model, being stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is based on an allocation of costs. Cultivations and crop in store include labour and attributable overheads.

Cultivations cost is determined on an overhead allocation basis. Cultivations are in the early stages of growth at the year end and therefore their market value cannot be determined.

Crop in store are valued at the lower of cost and net realisable value, with reference to market value and contracted future sales.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised in profit and loss.

**2.12 Debtors**

Trade and other debtors are recognised at the settlement amount after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

**2.13 Cash at bank and in hand**

Cash at bank and in hand includes cash and short-term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**2.14 Liabilities and provisions**

Liabilities are recognised when there is an obligation at the Balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Liabilities are recognised at the amount that the company anticipates it will pay to settle the debt or the amount it has received as advanced payments for the goods or services it must provide. Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)**

**2.15 Deferred taxation**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable surpluses from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**2.16 Financial instruments**

The Group also enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.17 Operating leases**

Rentals paid under operating leases are charged to the Consolidated Statement of Financial Activities on a straight line basis over the lease term.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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2. Accounting policies (continued)

2.18 Operating leases - lessor

Rental income is recognised on a straight line basis over the period of the lease, unless the rental payments are structured to increase in line with expected inflation, in which case the annual rental income equals the amounts owed to the lessor.

The aggregate benefit of lease incentives are recognised as a reduction to the income recognised over the lease term on a straight line basis.

2.19 Pensions

The Group is part of a defined benefit pension scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plan. The fund is valued every three years by a professionally qualified independent actuary, with rates of contributions payable being determined by the actuary. In intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of contributions made in the year or accrued at the year end, on a defined contribution basis, as requested by FRS 102 as the Charity is unable to identify its share of the underlying assets and liabilities of the scheme. Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

The Group is not liable to the plan for other entities obligations under the terms and conditions of the multi employer pension plan.

The Group also operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

2.20 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Group and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the Financial Statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the Financial Statements.

Investment income, gains and losses are allocated to the appropriate fund.

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**2. Accounting policies (continued)****2.21 Critical accounting estimates and areas of judgment**

The following judgements (apart from those involving estimates) have been made in the process of applying the above accounting policies that have had the most significant effect on amounts recognised in the financial statements:

**Investment property**

The investment property in the Charity is valued by the trustees at the balance sheet date. The Trustees consider the valuation to be appropriate having regard to the local market conditions.

**Trade debtors**

Trade debtors consist of amounts due from customers. An allowance for doubtful debts is maintained for estimated losses resulting from the inability of The Group's customers to make required payments. The allowance is based on the company's regular assessment of the credit worthiness and financial conditions of the customer.

**Stock**

Stock is valued at the lower of cost and net realisable value. Cost is determined on an overhead allocation basis. Net realisable value is determined by management with reference to market value, consideration of contracted future sales. Certain factors could affect the net realisable value of The Group's stocks, including customer demand and market conditions.

**Tangible and intangible assets**

Depreciation and amortisation are provided on fixed assets based on the estimated useful economic life of those assets. This is based on management's knowledge of the business, assets and prior experience.

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**3. Income from other trading activities****Income from non charitable trading activities**

	<b>Unrestricted funds 2021 £000</b>	<b>Total funds 2021 £000</b>	<b>Total funds 2020 £000</b>
Trading subsidiary	7,233	7,233	6,014

In 2020, income from the trading subsidiary was unrestricted income.

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**4. Investment income**

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Interest receivable from interest bearing accounts	2	2	37

**5. Other incoming resources**

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Profit on disposal of tangible fixed assets	211	211	143

**6. Analysis of expenditure on charitable activities**

**Summary by fund type**

	Unrestricted funds 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Operating costs of parent company	571	571	565
Trading of subsidiary	4,632	4,632	4,308
Charitable donation	2,007	2,007	-
	7,210	7,210	4,873

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**6. Analysis of expenditure on charitable activities (continued)**

**Summary by expenditure type**

	<b>Staff costs</b>	<b>Depreciation</b>	<b>Other costs</b>	<b>Total funds</b>	<b>Total funds</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating costs of parent company	-	491	81	571	565
Trading of subsidiary	1,089	596	2,946	4,632	4,308
Charitable donation	-	-	2,007	2,007	-
<b>Total 2021</b>	<b>1,089</b>	<b>1,087</b>	<b>5,034</b>	<b>7,210</b>	<b>4,873</b>
<b>Total 2020</b>	<b>1,121</b>	<b>1,040</b>	<b>2,712</b>	<b>4,873</b>	

**7. Analysis of expenditure by activities**

	<b>Activities undertaken directly</b>	<b>Support costs</b>	<b>Total funds</b>	<b>Total funds</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Operating costs of parent company	519	52	571	565
Trading of subsidiary	4,619	13	4,632	4,308
Charitable donation	2,007	-	2,007	-
<b>Total 2021</b>	<b>7,145</b>	<b>65</b>	<b>7,210</b>	<b>4,873</b>
<b>Total 2020</b>	<b>4,811</b>	<b>62</b>	<b>4,873</b>	

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**7. Analysis of expenditure by activities (continued)****Analysis of direct costs**

	Operating costs of parent 2021 £000	Trading of subsidiary 2021 £000	Charitable donation 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Staff costs	-	1,089	-	1,089	1,121
Depreciation	489	596	-	1,085	1,040
Trading activities	(21)	2,934	-	2,913	2,606
Charitable donation	-	-	2,007	2,007	-
Donations and other	51	-	-	51	44
<b>Total 2021</b>	<b>519</b>	<b>4,619</b>	<b>2,007</b>	<b>7,145</b>	<b>4,811</b>
<b>Total 2020</b>	<b>515</b>	<b>4,296</b>	<b>-</b>	<b>4,811</b>	

**Analysis of support costs**

	Operating costs of parent 2021 £000	Trading of subsidiary 2021 £000	Total funds 2021 £000	Total funds 2020 £000
Audit of Subsidiary	-	13	13	12
Legal	44	-	44	42
Audit of Parent	8	-	8	8
	<b>52</b>	<b>13</b>	<b>65</b>	<b>62</b>
<b>Total 2020</b>	<b>50</b>	<b>12</b>	<b>62</b>	

During the year ended 31 December 2021, the company incurred the following Governance costs:

The Charity only auditor remuneration - £8k (2020: £8k)

Subsidiary company auditor remuneration - £13k (2020: £12k)

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Net income/(expenditure)**

This is stated after charging/(crediting):

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Depreciation of tangible fixed assets owned by the charitable group	<b>1,084</b>	1,040
Amortisation of intangible assets	<b>26</b>	26
Auditor's remuneration - audit	<b>20</b>	19
Auditor's remuneration - other financial services	<b>2</b>	1
Operating lease rentals	<b>4</b>	4
Profit on disposal of fixed assets	<b>(211)</b>	(143)
Pension cost	<b>260</b>	299
	<b>=====</b>	<b>=====</b>

**9. Staff costs**

	<b>Group</b>	<b>Group</b>
	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>751</b>	737
Social security costs	<b>78</b>	85
Other pension costs	<b>260</b>	299
	<b>=====</b>	<b>=====</b>
	<b>1,089</b>	1,121
	<b>=====</b>	<b>=====</b>

The average number of persons employed by the Charity during the year was as follows:

	<b>Group</b>	<b>Group</b>
	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Production and administration	<b>17</b>	17
	<b>=====</b>	<b>=====</b>

The average headcount expressed as full-time equivalents was:

	<b>Group</b>	<b>Group</b>
	<b>2021</b>	<b>2020</b>
	<b>No.</b>	<b>No.</b>
Production and administration	<b>17</b>	17
	<b>=====</b>	<b>=====</b>

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**9. Staff costs (continued)**

- The number of employees whose employee benefits (excluding employer pension costs) exceeded £60,000 was:

	<b>Group 2021 No.</b>	<b>Group 2020 No.</b>
In the band £60,001 - £70,000	-	1
In the band £90,001 - £100,000	1	-
In the band £100,001 - £110,000	1	1
In the band £110,001 - £120,000	-	1

**10. Trustees' remuneration and expenses**

One trustee who is also a director of the subsidiary company, received remuneration from the subsidiary company in relation to services provided as a director of the subsidiary company. No other Trustees received remuneration or pension contributions. The remuneration paid is outlined below:

		<b>2021 £000</b>	<b>2020 £000</b>
B M Conway	Remuneration	99	106
	Company pension contributions to defined contribution pension schemes	33	21

Payment is made to the Trustee as agreed with the Charity Commission.

During the year ended 31 December 2021, no Trustee expenses have been incurred (2020 - £NIL).

Other related party transactions involving the Trustees are set out in note 33.

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**FARMLAND RESERVE UK LIMITED**

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**11. Taxation**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Corporation tax</b>		
Tax charge	<b>324</b>	<b>24</b>
<b>Total current tax</b>	<b>324</b>	<b>24</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	<b>109</b>	<b>113</b>
<b>Total deferred tax</b>	<b>109</b>	<b>113</b>
<b>Taxation on net income</b>	<b>433</b>	<b>137</b>

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Surplus on ordinary activities before tax - AgReserves Limited	<b>1,591</b>	<b>729</b>
<b>Effects of:</b>		
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (2020 -19%)	<b>303</b>	<b>139</b>
Other timing differences and disallowed expenditure	<b>21</b>	<b>(115)</b>
Origination and reversal of timing differences	<b>109</b>	<b>113</b>
<b>Total tax charge for the year</b>	<b>433</b>	<b>137</b>

There are no factors considered likely to affect future tax charges.



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**FARMLAND RESERVE UK LIMITED**

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**12. Intangible assets**

**Group**

	<b>Single farm payment entitlements £000</b>
<b>Cost</b>	
At 1 January 2021	<b>435</b>
At 31 December 2021	<b>435</b>
<b>Amortisation</b>	
At 1 January 2021	<b>409</b>
Charge for the year	<b>26</b>
At 31 December 2021	<b>435</b>
<b>Net book value</b>	
At 31 December 2021	<b>-</b>
At 31 December 2020	<b>26</b>

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**FARMLAND RESERVE UK LIMITED**

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**13. Tangible fixed assets**

**Group**

	Freehold land £000	Farm houses & Farm buildings £000	Plant and machinery £000	Land improv. Equipment and fixtures and fittings £000	Assets in the course of constructio n £000	Total £000
<b>Cost or valuation</b>						
At 1 January 2021	53,874	16,792	5,592	925	644	77,827
Additions	-	-	274	-	642	916
Disposals	-	-	(582)	-	(29)	(611)
Transfers between classes	-	541	-	132	(673)	-
At 31 December 2021	<u>53,874</u>	<u>17,333</u>	<u>5,284</u>	<u>1,057</u>	<u>584</u>	<u>78,132</u>
<b>Depreciation</b>						
At 1 January 2021	-	4,198	2,876	230	-	7,304
Charge for the year	-	456	595	33	-	1,084
On disposals	-	-	(513)	-	-	(513)
At 31 December 2021	<u>-</u>	<u>4,654</u>	<u>2,958</u>	<u>263</u>	<u>-</u>	<u>7,875</u>
<b>Net book value</b>						
At 31 December 2021	<u>53,874</u>	<u>12,679</u>	<u>2,326</u>	<u>794</u>	<u>584</u>	<u>70,257</u>
At 31 December 2020	<u>53,874</u>	<u>12,594</u>	<u>2,716</u>	<u>695</u>	<u>644</u>	<u>70,523</u>

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**13. Tangible fixed assets (continued)****Charity**

	<b>Farm houses &amp; Farm buildings £000</b>	<b>Equipment fixtures and fittings £000</b>	<b>Assets in the course of construction £000</b>	<b>Total £000</b>
<b>Cost or valuation</b>				
At 1 January 2021	111	47	644	802
Additions	-	-	642	642
Disposals	-	-	(29)	(29)
Transfers between classes	-	-	(673)	(673)
At 31 December 2021	111	47	584	742
<b>Depreciation</b>				
At 1 January 2021	72	42	-	114
Charge for the year	4	1	-	5
At 31 December 2021	76	43	-	119
<b>Net book value</b>				
At 31 December 2021	35	4	584	623
At 31 December 2020	39	5	644	688

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**NOTES TO THE FINANCIAL STATEMENTS  
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**14. Investment property**

**Charity**

	<b>Freehold investment property £000</b>
<b>Valuation</b>	
At 1 January 2021	<b>130,944</b>
Surplus on revaluation	<b>2,129</b>
Transfers between classes	<b>673</b>
At 31 December 2021	<b>133,746</b>

The fair value of investment property is based on a valuation by the Trustees, determined with reference to market reports and management's knowledge of the property and the local market.

The investment property is held by the Parent Charity and used only by the subsidiary Company, AgReserves Limited. It is carried at fair value in the Parent Company Financial Statements and at depreciated cost in the group accounts.

The historical cost of the investment property is £68,574k (2020: £68,033k).

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**15. Fixed asset investments**

	Investments in subsidiary companies £000
<b>Charity</b>	
<b>Cost or valuation</b>	
At 1 January 2021	9,450
At 31 December 2021	9,450
<b>Net book value</b>	
At 31 December 2021	9,450
At 31 December 2020	9,450

**Principal subsidiaries**

The following was a subsidiary undertaking of the Charity:

Name	Company number	Class of shares	Holding
AgReserves Limited	02947030	Ordinary	100%

The financial results of the subsidiary for the year were:

Name	Income £000	Expenditure £000	Profit for the year £000	Net assets £000
AgReserves Limited	7,407	6,028	1,157	23,300

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**FARMLAND RESERVE UK LIMITED**

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**16. Stocks**

	<b>Group 2021 £000</b>	<b>Group 2020 £000</b>
Cultivations	3,089	2,814
Crops	4,176	3,823
	<b>7,265</b>	<b>6,637</b>

An impairment loss of £189,897 (2020: £1,200,000) was recognised in cost of sales against stock during the year.

**17. Debtors**

	<b>Group 2021 £000</b>	<b>Group 2020 £000</b>	<b>Charity 2021 £000</b>	<b>Charity 2020 £000</b>
<b>Due within one year</b>				
Trade debtors	3,076	1,796	-	-
Amounts owed by group undertakings	-	-	5,125	4,315
Other debtors	-	122	-	121
Prepayments and accrued income	116	7	-	-
Tax recoverable	-	38	-	-
	<b>3,192</b>	<b>1,963</b>	<b>5,125</b>	<b>4,436</b>

Amounts owed by group undertakings are interest free and repayable on demand.

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**18. Creditors: Amounts falling due within one year**

	<b>Group 2021 £000</b>	<b>Group 2020 £000</b>	<b>Charity 2021 £000</b>	<b>Charity 2020 £000</b>
Trade creditors	176	51	95	13
Amounts owed to group undertakings	-	-	209	200
Corporation tax	210	-	-	-
Other taxation and social security	457	471	122	151
Other creditors	59	19	-	-
Accruals and deferred income	257	273	8	8
	<b>1,159</b>	<b>814</b>	<b>434</b>	<b>372</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**19. Deferred taxation**

**Group and Charity**

	<b>2021 £000</b>	<b>2020 £000</b>
At the beginning of the year	518	381
Charge for the year (P&L)	86	113
	<b>604</b>	<b>494</b>

The deferred tax liability is made up as follows:

	<b>Group 2021 £000</b>	<b>Group 2020 £000</b>
Accelerated capital allowances	557	457
Other short term differences	47	37
	<b>(604)</b>	<b>(494)</b>

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**FARMLAND RESERVE UK LIMITED**

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**20. Statement of funds****Statement of funds - current year**

	Balance at 1 January 2021 £000	Income £000	Expenditure £000	Taxation £000	Balance at 31 December 2021 £000
<b>Unrestricted funds</b>					
Share capital	10,000	-	-	-	10,000
Reserves	94,459	7,446	(7,210)	(433)	94,262
	<u>104,459</u>	<u>7,446</u>	<u>(7,210)</u>	<u>(433)</u>	<u>104,262</u>

**Unrestricted funds**

Charitable funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the charitable company and which have not been designated for other purposes.

The Charity has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Statement of Financial Activities.

The net income for the year dealt with in the accounts of the parent charitable company was £1.2m (2020: £1.5m).



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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**20. Statement of funds (continued)**

**Statement of funds - prior year**

	Balance at 1 January 2020 £000	Income £000	Expenditure £000	Taxation £000	Balance at 31 December 2020 £000
<b>Unrestricted funds</b>					
Share capital	10,000	-	-	-	10,000
Reserves	93,275	6,194	(4,873)	(137)	94,459
	<u>103,275</u>	<u>6,194</u>	<u>(4,873)</u>	<u>(137)</u>	<u>104,459</u>

**21. Summary of funds**

**Summary of funds - current year**

	Balance at 1 January 2021 £000	Income £000	Expenditure £000	Taxation £000	Balance at 31 December 2021 £000
General funds	<u>104,459</u>	<u>7,446</u>	<u>(7,210)</u>	<u>(433)</u>	<u>104,262</u>

**Summary of funds - prior year**

	Balance at 1 January 2020 £000	Income £000	Expenditure £000	Taxation £000	Balance at 31 December 2020 £000
General funds	<u>103,275</u>	<u>6,194</u>	<u>(4,873)</u>	<u>(137)</u>	<u>104,459</u>

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**22. Analysis of net assets between funds**

**Analysis of net assets between funds - current year**

	<b>Unrestricted funds 2021 £000</b>	<b>Total funds 2021 £000</b>
Tangible fixed assets	70,256	<b>70,256</b>
Current assets	35,769	<b>35,769</b>
Creditors due within one year	(1,159)	<b>(1,159)</b>
Deferred tax	(604)	<b>(604)</b>
<b>Total</b>	<b>104,262</b>	<b>104,262</b>

**Analysis of net assets between funds - prior year**

	<b>Unrestricted funds 2020 £000</b>	<b>Total funds 2020 £000</b>
Tangible fixed assets	70,523	70,523
Intangible fixed assets	26	26
Current assets	35,218	35,218
Creditors due within one year	(814)	(814)
Deferred tax	(494)	(494)
<b>Total</b>	<b>104,459</b>	<b>104,459</b>

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**FARMLAND RESERVE UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**23. Reconciliation of net movement in funds to net cash flow from operating activities**

	Group 2021 £000	Group 2020 £000
Net (expenditure)/income for the year (as per Statement of Financial Activities)	(197)	1,184
<b>Adjustments for:</b>		
Depreciation charges (Note 13)	1,084	1,040
Amortisation of intangible assets (Note 12)	26	26
Increase in stocks (Note 16)	(628)	(506)
(Increase)/decrease in debtors (Note 17)	(1,267)	812
Increase/(decrease) in creditors (Note 18)	147	(148)
Interest received (Note 4)	(2)	(37)
Profit on disposal of fixed assets (Note 8)	(211)	(143)
Taxation	433	137
Income taxes paid	(77)	(83)
<b>Net cash provided by/(used in) operating activities</b>	<b>(692)</b>	<b>2,282</b>

**24. Analysis of cash and cash equivalents**

	Group 2021 £000	Group 2020 £000
Cash in hand	25,312	26,618
<b>Total cash and cash equivalents</b>	<b>25,312</b>	<b>26,618</b>

**25. Analysis of changes in net debt**

	At 1 January 2021 £000	Cash flows £000	At 31 December 2021 £000
Cash at bank and in hand	26,618	(1,306)	25,312

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**26. Share capital**

Allotted, called up and fully paid 10,000,000 Ordinary shares of £1 each.

**27. Pension commitments**

The Group participates in a pension scheme operated by The Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). The scheme is of the defined benefit type and is funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances. Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain). The group has accounted for the scheme as if it was a defined contribution scheme because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members.

The Group also operates a defined contribution pension plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

Contributions to the two schemes for the year were £260k (2020: £299k).

Contributions totalling £8.6k (2020: £6.7k) were outstanding at the year end and this balance is included within other creditors.

**28. Operating lease commitments**

At 31 December 2021 the Group and the Charity had commitments to make future minimum lease payments under non-cancellable operating leases as follows:

	<b>Group 2021 £000</b>	<b>Group 2020 £000</b>
Within 1 year	<b>4</b>	<b>4</b>

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**FARMLAND RESERVE UK LIMITED**

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**29. Financial risk management**

The risks arising from financial instruments to which the entity is exposed at the year end are as follows:

**Credit risk**

In view of the recent economic downturn the Charity is making every effort to minimise exposure to customer credit risks and all appropriate steps are taken to reduce this risk.

**Price risk**

As part of the nature of agriculture the Charity is subject to price variations, but active efforts are made to manage this risk by taking advantage of regular market information, forward contracts, and owning sufficient storage. These storage facilities allow the Charity to price and deliver products away from the harvest window which is well known to be a period of depressed prices.

**Market risk**

The year end valuation, and resulting gain or loss in the Statement of Financial Activities, of financial instruments measured at fair value through income and expenditure, is subject to changes in the market value of the listed investments in which shares are held.

**30. Unrestricted income funds - Charity**

This reserve represents cumulative net income on unrestricted income streams. Every year a transfer is made to the revaluation reserve, representing the value of gains and losses of the investment property. Net income in the current year totalled £1.2m (2020: £1.5m) and the reserve transfer to the revaluation reserve totalled £2,613k (2020: £917k) representing the fair value gains on the investment property.

**31. Revaluation reserve - Charity**

The revaluation reserve represents cumulative gains and losses on the fair value movement of the investment properties since transition to FRS 102. In the current year fair value gains totalled £2,613k (2020: £917k) and this represents the movement on the reserve in the year.

**32. Turnover**

All turnover arose within the United Kingdom.

**33. Related party transactions**

The immediate and ultimate parent company of the Group is Farmland Reserve Inc, a not for profit company incorporated in the United States of America. This is the largest and smallest group of undertakings for which group accounts are drawn up. The Charity is directed by Farmland Reserve Inc, through budgets and plans reviewed by the Charity Trustees.

The Charity has taken advantage of disclosure exemptions available within FRS 102 section 33 and not included details of any transactions with wholly owned Group companies that are included in these consolidated accounts.

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**FARMLAND RESERVE UK LIMITED**

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**34. Post balance sheet events**

After the balance sheet date, the Group has entered into a contract to acquire assets for consideration of £104m, which will be funded through additional equity investment.